WHAT WILL BORROWERS PAY AFTER THE WAR?

How the Rate of Interest in the World May Behave Under New Conditions—A Tentative Prophecy

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rich in future expectations.

Such a condition will make for a The Influence high rate of interest. The spirit of Europe will be one of eagerness and of Patriotism fathers were making America.

would then be similar to that so cent out of the depression. ommon to "assessment" insurance The rate and manner of ascent, companies, which, after gayly load- however, are not rigidly prescribed. ing themselves up with obligations. There will be many different opporlose their paying membership and tunities open to the survivors of the go into bankruptcy.

the rate of interest.

ness men believe, on the contrary, portant. that the rate of interest will be low. A land owner in the devastated Those who reach this conclusion rea- regions of France or Belgium may son along what I believe to be fal- find that to rebuild, restock, replant becous lines, in some cases even fall- and fertilize his farms in a certain ing into that ancient pitfall of specific manner and degree will ofthought, the "money fallacy" of in- fer returns in the future out of all terest, according to which the rate proportion to the required sacrifices of interest is supposed to be in- in the present. That is, contrasting versely related to the amount of what he can expect from prompt money in circulation. This and and full repairs with what he can other fallacies I have discussed in expect without them, he notes a vast The Rate of Interest" and shall not gain in the future for a small cost discuss them here.

been said concerning the future rate turn in future years equivalent to, of interest applies from the moment say, \$2,000 a year, making a rate of peace is in sight. It does not fully return on sacrifice of 20 per cent. apply before that time. During the If, therefore, by mortgaging his land war itself the rate of interest has he can borrow the desired \$10,000 been, as I predicted that it would be, even at a high rate-indeed at any in "The New York Times," August rate less than 20 per cent-he will 30, 1914, extremely variable, owing be glad to do so. He will be an eager to the fitful fluctuations of numer- borrower because he has a great opous changing conditions. In the portunity. Such great opportuniworld as a whole it has been some- ties for large returns on small inwhat higher than before the war vestments from the rapid rebuilding and tending during the war to grow of Europe, the reconstruction of her higher in Europe and lower in the cities, ships, warehouses, factories,

Long-Term vs.

an important distinction between turns on present sacrifices-will breeder of mosquitoes and fever, conshort-term and long-term loans, and make men impatient, impel them to tain the making of 75,000,000 acres of the committee varies according to conthis distinction is especially impor- borrow and tend to raise the rate of tant during war. When, in war interest. time, a business man makes a loan to run for a time so short that repayment is expected to occur before on Investment the comparative opulence of peace, The rare opportunities for invest- cultural lands. This is an acreage lar, oak, pine, spruce, cypress and gum, ties and safe investments. Both laws easily accessible outlets for the runthe contrast between the needy pres- ment which will present themselves almost equal that of the British Isles. and is often very valuable and repays and methods of procedure differ some- off. the contrast between the needy present, when the loan is contracted, soon after the end of the war probent, when the loan is contracted, soon after the end of the war proband the still needy future, when it is ably will be further enhanced by a times the size of New York State.

The district to be drained has althis is especially true of the cypress
but are essentially the same in the ways to be protected entirely by enrepaid, is not as great as in the case number of technical inventions to The economic importance of swamp swamps of Louisiana. of a long-term loan, the repayment which war always stimulates the reclamation in the United States has swamp is its potential value for recognized but little enpeace and prosperity have come. made for military purposes often terprise has been shown in that di-One is willing to repay more liberal- have industrial uses, while, in addi- rection, chiefly for the reason there cleared, the price ranges from \$50 an usually three principles involved. First, comprehensive system of canals and ly after the crisis is over than dur- tion, blockades and other interrup- has been so much farm land avail- acre upward. The soil is generally of provision for the disposal of the water lateral ditches, there is always a ing it. It has thus come about, as tions of ordinary industry and com- able as to make it both unnecessary unusual fertility, since most of the from the surrounding watershed or pumping plant to take care of the runwe should expect, according to the merce lead directly to industrial in- and unprofitable. principles laid down, that the rate ventions. An example of the first But with the rapid increase in pop- neighboring river. Besides, it is usual- of the surplus precipitation upon the then pumped into some bayou, lake of interest on long-term loans has, type may be seen in commercial sub- ulation in recent years and the steady ly very rich in humus, because of cent. drained land, or "run off," as it is tech- or outfall canal. Even in comparain general, risen more as well as marines and aeroplanes as by-prod- decrease in the amount of surplus uries of decaying vegetable matter. As nically called; third, protection against tively flat land, the drainage ditches fluctuated less than that on the ucts of military submarines and farm lands, with a consequent rise in it has naturally an abundance of moist- backwater or overflow from neighbor. soon dispose of the surplus water.

within a few weeks thereafter, long and short term loans will be more and short term loans will be more merly imported their crystals, but of interest on the two classes will be more nearly equal. For both the supply having been cut off by the more nearly equal. For both the rate on short-term loans rising or soon after assurance of peace, the rate on short-term loans rising the rate on long-term loans.

It should be noted that we are here speaking of pure interest and interest and interest with the alloy of interests with the ware

ment of peace will raise the price of certainly be a rapid expansion of French to dig the waterway is attrib- pay the initial expenses, and, after that, pleted there will be more than seven duction.

S SOON as the war is over government bonds, at least of the credit, which will tend to create a the thoughts of all will be victorious countries, because of in- period of rising prices and a high directed to reconstruction creased confidence in the solvency rate of interest which usually goes and all Europe will be in the posi- of these countries. But such a phe- with such "boom" periods. In ortion of a new country, poor in im- nomenon means a lower rick and not der to conserve gold Europeans are mediate comforts but (relatively) a lower rate of interest properly so trying to get the public more used to

It is conceivable that curious low what it would be if the war loans Bank of France is distributing a parallel of explanation and in rope instead of borrowers from Europe, whether she pied 473.616 square feet, leaving only versed, we becoming lenders to Europe instead of borrower instead of a lend-rope ins things may happen to complicate were made on a strictly business ba- pamphlet of explanation and inmuch longer the government bond- most of the subscriptions to govern- If this prognostication proves to be The level of interest rates in Eu- can funds seeking investment will be streets and squares, and leaves 302,this result. If the war continues sis. In fact, it probably is true that struction in the American system. rope. holders will be the virtual owners ment loans are made not so much for correct the credit expansion will rope has hitherto been below ours, found in those outlying countries 146 square feet for building purposes.

wholesale, emigrate to the United the psychologic causes operating on Professor Whitaker, whose figures Hudson Railroad, estimates that a realize the existence of unforeseen States. Wealthy people, of more the rate of interest, but these psy- relate to the close of 1915, the paper half billion of dollars' worth of elements and the fact that those States. Wealthy people, of more foresight than patriotism, after taking good care to sell out any holdings in government bonds, may have spoken of the war as cutting eign exchange rates against the from abroad inside of six months. fact makes such a forecast as I have British Channel change their residence to where down the income stream of society taxes will not seem to be confisca- and leaving at the end of the war, tion. The fate of European nations therefore, a prospect of a rapid as-

war from which to choose, and the nature of this range of choice will be an important factor in fixing the rate of interest. Those who have But even such an outcome, or oth- the task of reconstructing Europe as which might be imagined, would will be confronted with alternative not substantially alter the main re- methods and degrees of possible result, namely, that the owners, who- construction. The manner in which ever they are, of Europe after the the existence of many different opwar will during the rebuilding period tional methods of production, and be eager borrowers and will lift up therefore of investment, enters into the determination of the rate of in-I am quite aware that many busi- terest is very subtle, but very im-

in the present. A present outlay on It is worth noting that what has his land of \$10,000 may offer a rerailways, roads, bridges, the restockevidence almost everywhere. The existence of such opportunities—that A worthless swamp lands, now a ing mosquitoes. There should be noted, however, is, of large possibilities of future re-

aeroplanes. Examples of the other land values throughout the country ure, it possesses all the requisites of ing rivers in times of flood, to which By natural seepage and capillary at-

As soon as peace is in sight, or within a few weeks thereafter, long and short term loans will be more rormally related—that is, the rate of the supply having been cut off by the state of the supply having been cut off by the state of the supply having been cut off by the state of the supply having been cut off by the state of the supply having been cut off by the state of the supply having been cut off by the state of the supply having been cut off by the state of the supply having been cut off by the state of the supply having been cut off by the state of the supply having been cut off by the state of the supply having been cut off by the state of the supply having been cut off by the state of the supply having been cut off by the state of the supply having been cut off by the state of the supply having been cut off by the state of the supply having been cut off by the state of the supply having been cut off by the state of the supply having been cut off by the state of the supply having been cut off by the state of the supply having been cut off by the state of the supply having been cut off by the state of the supply having been cut off by the state of the supply having been cut off by the state of the supply having been cut off by the state of the supply having been cut off by the state of the supply having been cut off by the state of the supply having been cut off by the state of the supply having been cut off by the state of the supply having been cut off by the state of the supply having been cut off by the state of the supply having been cut off by the state of the supply having been cut off by the state of the supply having been cut off by the state of the supply having been cut off by the state of the supply having been cut off by the state of the supply having been cut off by the state of the supply having been cut off by the state of the supply having been cut off by the state of the supply having been cut off by the state of the supply having been cut off by the state of the supply having been cu

tion of specie payments should be reserve. The low rate is simply a ing that the inflation at the close of the adjustment in the loan machin-

the war is not much more than at ery. When the present readjustof interest, such as almost invariably the ending of the war. accompanies boom periods. It would The Lender not surprise me if within a year after the close of the war the gen- Turned Borrower 7 per cent or above.

ing the upbuilding of a new country; clusions concerning a high rate of stance, is urging the people of is concerned, the effect will, I be- it may well be that the borrowing forms a quadrangle of 699,660 square and this eagerness and impatience interest after the war are to be France to practise deposit banking lieve, be in the same general direction of Europe will be smaller if feet in the heart of the business section of the same general direction of the business section of the same general direction of the sa interest, as they were while our forefathers were making America.

In order to "mobilize the national credit relations connecting the two to end to-day. But the important credit relations connecting the two to end to-day. But the important credit relations connecting the two to end to-day. But the important credit relations connecting the two to end to-day. keeps the pure rate of interest be- stockings into French banks. The sides of the Atlantic will be re-

war, go on by leaps and bounds.

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liability and a nuisance as a

of Europe for years to come. The investment purposes as "to help the lead to a continued rise in prices, and therefore tended to draw ours formerly accustomed to borrowing in Provision is made for the formation of income tax for the rich may reach cause." As soon as the war is over except so far as this result may pos-50 per cent. The taxes on the poor this element tending to keep the rate sibly be checked by the resumption ours and will tend to draw ours up. may be equally oppressive. Rather of interest down will vanish, or, at of specie payments, by a policy of We have already bought hundreds. Orient will tend to borrow hereafter the erection of a passenger station than pay such tribute, for a life, any rate, greatly diminish. Govern-contraction and by the cancellation of millions of European securities will also tend to raise the rate of the street railway lines.

The Rhone Canal, which will be open time, to the bondholder—who may ments will have to renew their loans of paper money. But up to the present time paper money inflation has held by European owners. Mr. interest in the United States. time, to the bondholder—who may not then be so popular as he is to day!—the taxpayers may, by the property of the p

cent, the French franc only about ent low level of the rate of interest fair. While I feel considerable con-12 per cent and the German mark in the United States is abnormal. fidence that the rate of interest in about 21 per cent. Moreover, it is Owing to the very sudden increase Europe for many years after the not likely that these depreciations in our gold reserves, which could be ending of the present war will tend will be rapidly diminished in view of utilized by the banks only by ex- to rise and that this country will historical precedents after the Na- tending their credits, these banks feel some effects of the rising tenpoleonic wars, after the Civil War, have extended their credit by offer- dency, no quantitative prediction as ing low rates until their deposits be- to the magnitude of this result can Even if a policy of rapid resump- come the requisite multiple of the be other than a guess. present, that, for many years after ment is complete I anticipate that the war is over, there will be a gen- the rate of interest in the United eral rise in prices, a general period States will be considerably higher of expansion and with it a high rate than at present, quite irrespective of

eral rate of interest in England. The foregoing are some of the reaof those who believe the rate of in- Cram reports. What has been said applies pri- terest after the war will be low. It | About \$5,492,000 is to be spent States. So far as the United States have much borrowing power. Now, Stock Exchange and the postoffice. food. He says:

An Unclaimed Empire in Swamp Lands

Swamp Lands

The figures represent the swamp lands in thousands of acres. Total U. S., 79,005,023 acres.

MERICA'S 100,000,000 acres of uted to the existence of fever-breed drainage bonds, as they are called, are hundred miles of ditches and levees in

productive farm lands. An area equal ditions and localities. In Missouri it are a first lien on the land, the same surrounding water sheds, since the

to about 72 per cent of the entire ranges from \$3 to \$7 an acre, and to as any state taxes. The bonds bear alluvial plains have regular contour.

acreage of our present corn crop and this must be added the cost of clear- from 5 to 6 per cent interest, and run The lack of much slope to the sea, so

twice the average acreage planted to the converted by modern that the drainage may not be one of cotton could be converted by modern \$12 to \$25 an acre. The erally on the amortization plan. They gravity, is made up by the numerous

reclamation methods into rich agri. timber on swamp lands consists of pop- are usually regarded as sound securi- bays, bayous and rivers, which offer

The only value of the land when a tained.

issued, for the continuing costs and this district.

principles involved and the results at circling levees, for the many streams

may be added a pumping station to traction the water in the wet land

The cost of drainage of swamp lands for the completion of the work. Taxes In Louisiana, the committee con-

n the United States as determined by are levied annually to pay the interest tinues, the matter of drainage is usu-

land is an alluvial deposit from some more elevated land; second, taking care off which is led into a reservoir and

American dollar, only about 21/2 per | It should be added that the pres- attempted only a very tentative af-

BUILDING AFTER WAR

Route to Interior of France

ation of direct water communication with the interior of France and an imfactories and other industrial estab-

to navigation within a few years, will connect Marseilles with the Rhone

Waxing Rich and Grumbling Still

Farmer Protests Against "Breaking His Back" to Feed People Who Make Eight-Hour Laws for Themselves

adopted, I have little doubt, assum- temporary incident connected with MARSEILLE PLANS MUCH LIERE is an epic of envy. The agriculturist is articulate, is H looks upon the city and finds words to express his though A city is soft, extravagant, protected and selfish, caring not und Rhone Canal Will Give Water what conditions its food is produced. Also, it is organized, and that gives it great power. Its ways are bad but its methods Various projects, including the cre- useful. The way to fight it is with its own weapons. Therefore there are State Farmers' Unions. There is also an Association, portant extension of the port, will give State Farmers' Union Presidents. And at the summit is considerable impetus to the building of President of the Association of State Farmers' Union President factories and other industrial estate. His name is H. N. Pope. He is at Fort Worth, Tex. He is France and Germany should average sons why I cannot share the opinion after the war, Vice-Consul Paul B. produced a pamphlet denouncing the Adamson Eight E. Measure, not because it may not be good for man to limit his be which has long been overdue on the Continent, will probably, after the warring European has been argued that Europe will be the renovation of a certain quarter of has been argued that Europe will be the renovation of a certain quarter of the warring European has been argued that Europe will be the renovation of a certain quarter of the warring European has been argued that Europe will be the renovation of a certain quarter of the warring European has been argued that Europe will be the renovation of a certain quarter of the warring European has been argued that Europe will be the renovation of a certain quarter of the warring European has been argued that Europe will be the renovation of a certain quarter of the warring European has been argued that Europe will be the renovation of a certain quarter of the warring European has been argued that Europe will be the renovation of a certain quarter of the warring European has been argued that Europe will be the renovation of a certain quarter of the warring European has been argued that Europe will be the renovation of a certain quarter of the warring European has been argued that Europe will be the renovation of a certain quarter of the warring European has been argued that Europe will be the renovation of a certain quarter of the warring European has been argued that Europe will be the renovation of the warring European has been argued that Europe will be the renovation of the warring European has been argued to the warring European has been argued to the warring European has been argued to the warring European has been argued that Europe will be the renovation of the warring European has been argued to the war marily to the warring European has been argued that Europe will be the renovation of a trial between the countries and not to the United so crippled after the war as not to the city which, situated between the that direction is for the benefit exclusively of those who buy the

If we are to expand the horizon of this new form of legister. benevolence to all railroad employes, as well as to the employes of other lines of industry, it will take the American wheat crop finance the eight-hour law. This is an annual contribution which to farmers of the nation are financially unable to make, and the should be taken off the statute book.

We do not envy the good fortune of the trainmen, but crave to ourselves and our families a reasonable share of the fruits of our to We protest against being forced by law to contribute an unreasonal amount of our earnings to the prosperity of those who transport a products to the market.

At the end he draws two pictures and holds them up togethe may be equally oppressive. Rather of interest uown will vanish, or, at of specie payments, by a policy of the street railway lines.

Orient will tend to borrow nereafter which will serve as a terminus for most in the United States. This result in the United States. This result in the United States. This result is the street railway lines.

WAGES

(Federal Governm ent Statistics.) Farmers

Trainmen Average wage per day: Average wage per day (without board): Engineers

SCHEDULE

Basis: Ten hours per day, time and a half for overtime.

evening star; overtime every day without pay.

LEGISLATION

Labor union leaders, represent-ing the highest paid labor in the world, stood at the portals of Congress and demanded that the gov-

four hours Congress passed a law giving the trainmen outright a suf-ficient sum of money per annum to have bought up the surplus cotton of 1914 and saved the cotton farmers from ruin.

Against this discrimination we complain and especially when the cotton farmers pay much of the increase which the trainmen are to receive.

The statute books of Congress and state legislatures are terming with laws that increase pay, increase jobs, improve facilities and provide for the comfort of labor at the expense of industry.

The full crew laws which exist creasing jobs by law.

The logical attitude of employers is to give the employes anything they ask for, provided the expense can be shifted to the producer or

The farmers have opposed the passage of this law in many states, have taken it off in some states, and there should be no law places upon a statute book requiring any increase expenses.

ARBITRATION

The farmer, who pays the it The farmer, who pays the increase in wages, has no representation on the committee and is never invited before it. We contend that the men who pay the increase are as much entitled to representation on the committee and have as much right to appear before it as the men who receive the increase. The men who finally meet the payrell are as much a factor as the men who sign the payroll.

Notities about a such questions

Neither should such questions be settled by so-called economic experts or those whose decisions represent the attitude of any polit-ical party, but by practical mea-dealing with economic problems in

When the trainmen serve their companies a certain number of years on many of the leading rail-roads, they are retired from service and given a pension sufficient to care for themselves and families during their remaining days,

When the trainmen take charge f a train it is made up and ready

When the trainmen arrive at destination they turn engine and train over to another set of employes for attention, and their

When the farmer stops plough-ing he must unhitch and care for his team, milk the cows, slop the hogs and eat supper by lamplight. EDUCATION

The trainmen's children can attend the best schools and universities in the land free of charge, for higher educational facilities are usually available at cities where terminals are located.

braries, museums, theatres and all modern influences which build human character, develop thought and elevate the mind, are available for his children, free of charge, or

WOMEN LABORERS

and service.

The farmers' children must attend poorly equipped country schools and to send his children to high school the farmer must psy board and tuition, which werk great hardships upon his family. The children of the farmer have an opportunity of going to church once a month, and other facilities available to those living in town are unknown except when he visits are unknown except when he visits

When the farmer wakes up he must hunt the pasture for his team—feed, curry and harness up to the must be to the most be to the must be to the most be to the team.

the horses and get started ploughing with the rising sun.

The city woman is encompassed with legislation limiting her hours of employment. She is provided by law with comforts and conveni-

The farm woman laborer's werk is never done. She rises with the lark, works with the mules and retires with the owl's hoet. Congress cannot hear her voice. We matter what may be her grievance, the must take it all to God is prayer.

There are farm children whose ips are wet with mother's milk who are forced by family poverty to hoe in the field or tug at the plough from sun up to sundem.

The farm women and children have labored beyond the pale of American statesmanship.

Our government is to be com-ended for its watchful care of the women and children laborers

The Farmers' Union leaders, representing the tillers of a product that has more tenants and his caused more poverty than any other agricultural product in the history of the world, appeared before Congress. At that time the market was wrecked by a weil war and poverty was staking over the Southinancial loss to the Southern ploughman than the freeing of the ernment give them a ransom or they would wreck society, and Congress in fear and trembling delivered the goods. There was no emergency-no occasion for the increase and no argument in favor of it except demands and threats. ploughman than the freeing of the Congress confessed inability to cope with the situation and stepped aside, letting the awful burden fall upon the backs of the tillers of the In scarcely more than twenty-

upon the backs of the tillers of the soil. The organized farmers pleaded with Congress for relief, but were to'd that "it would not be constitutional for government to undertake to fix the price of cotten or to advance money on cotten is storage," and that "Congress was a slow-moving body and could set meet emergencies." meet emergencies."

There is not a law upon the statute books increasing the price of products of the soil, improving agricultural facilities or previding for the comfort and recreation the farmer at the expense of any

FULL CREW LAWS

in some states and have been offered to most all legislative bodies, is a fair example of in-

When the trainmen agree to arbitration, they are usually given representation on a committee, the railroads a representative, and a third disinterested party is chosen. This committee determines to what

work by a callboy knocking upon the door.

day's work is done.

The churches, Y. M. C. A.'s, li

ences that lighten her burdens, and much is done to make her sur roundings agreeable and pleasant and American statesmanship is ever mindful of her welfare. There are many laws governing child labor, limiting age, hours

When the farmer reaches the working limit and can no longer earn a living by the sweat of his brow, he is sent over the hill the poorhouse, unless by thrift and economy he has laid aside a sufficient competency to care for him in his declining years. When a farmer is killed or in-jured by an accident while at work When trainmen are killed or injured by an accident while at work, the railroad company is comneither himself nor his family set any compensation. There is no one he can file suit against. pelled by law to pay them or CONDITION OF LABOR The farmers are summoned to work by the roosters crowing for